

Introduced by Senator Huff

February 20, 2014

An act to amend Section 7522.04 of the Government Code, relating to public employees' retirement.

LEGISLATIVE COUNSEL'S DIGEST

SB 1251, as introduced, Huff. California Public Employees' Pension Reform Act of 2013.

The California Public Employees' Pension Reform Act of 2013 (PEPRA) generally requires a public retirement system, as defined, to modify its pension plan or plans to comply with the act, as specified. Among other things, PEPRA prohibits a public employer offering a defined benefit pension plan from exceeding specified retirement formulas for new members and prohibits an enhancement of a public employee's retirement formula or benefit adopted after January 1, 2013, from applying to service performed prior to the operative date of the enhancement. PEPRA prescribes definitions for the purposes of its provisions.

This bill would make nonsubstantive changes to the definitional provisions of PEPRA.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 7522.04 of the Government Code is
- 2 amended to read:
- 3 7522.04. For the purposes of this article:

1 (a) “Defined benefit formula” means a formula used by ~~the~~ *a*
2 retirement system to determine a retirement benefit based on age,
3 years of service, and pensionable compensation earned by an
4 employee up to the limit defined in Section 7522.10.

5 (b) “Employee contributions” means the contributions to a public
6 retirement system required to be paid by a member of the system,
7 as fixed by law, regulation, administrative action, contract, contract
8 amendment, or other written agreement recognized by the
9 retirement system as establishing an employee contribution.

10 (c) “Federal system” means the old age, survivors, disability,
11 and health insurance provisions of the federal Social Security Act
12 (42 U.S.C. Sec. 301 et seq.).

13 (d) “Member” means a public employee who is a member ~~of~~
14 ~~any type~~ of a public retirement system or plan.

15 (e) “New employee” means either of the following:

16 (1) An employee, including one who is elected or appointed, of
17 a public employer who is employed for the first time by ~~any~~ *a*
18 public employer on or after January 1, 2013, and who was not
19 employed by ~~any other~~ *another* public employer prior to that date.

20 (2) An employee, including one who is elected or appointed, of
21 a public employer who is employed for the first time by ~~any~~ *a*
22 public employer on or after January 1, 2013, and who was
23 employed by another public employer prior to that date, but who
24 was not subject to reciprocity under subdivision (c) of Section
25 7522.02.

26 (f) “New member” means any of the following:

27 (1) An individual who becomes a member of ~~any~~ *a* public
28 retirement system for the first time on or after January 1, 2013,
29 and who was not a member of ~~any other~~ *another* public retirement
30 system prior to that date.

31 (2) An individual who becomes a member of a public retirement
32 system for the first time on or after January 1, 2013, and who was
33 a member of another public retirement system prior to that date,
34 but who was not subject to reciprocity under subdivision (c) of
35 Section 7522.02.

36 (3) An individual who was an active member in a retirement
37 system and who, after a break in service of more than six months,
38 returned to active membership in that system with a new employer.
39 For purposes of this subdivision, a change in employment between

1 state entities or from one school employer to another shall not be
2 considered as service with a new employer.

3 (g) “Normal cost” means the portion of the present value of
4 projected benefits under the defined benefit that is attributable to
5 the current year of service, as determined by the public retirement
6 system’s actuary according to the most recently completed
7 valuation. For the purpose of determining normal cost, the system’s
8 actuary may use a single rate of contribution or an age-based rate
9 of contribution as is applicable to that retirement system.

10 (h) “Public employee” means an officer, including one who is
11 elected or appointed, or an employee of a public employer.

12 (i) “Public employer” means:

13 (1) The state and every state entity, including, but not limited
14 to, the Legislature, the judicial branch, including judicial officers,
15 and the California State University.

16 (2) ~~Any~~—A political subdivision of the state, or agency or
17 instrumentality of the state or subdivision of the state, including,
18 but not limited to, a city, county, city and county, a charter city, a
19 charter county, school district, community college district, joint
20 powers authority, joint powers agency, and any public agency,
21 authority, board, commission, or district.

22 (3) Any charter school that elects or is required to participate
23 in a public retirement system.

24 (j) “Public retirement system” means ~~any~~ a pension or retirement
25 system of a public employer, including, but not limited to, an
26 independent retirement plan offered by a public employer that the
27 public employer participates in or offers to its employees for the
28 purpose of providing retirement ~~benefits~~, *benefits* or a system of
29 benefits for public employees that is governed by Section 401(a)
30 of Title 26 of the United States Code.